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CORPORATION FILE

NATIONAL TEA CO.

Annual Report

FOR THE YEAR ENDING DECEMBER 31, 1931

Chicago, Illinois, February 25, 1932

MRB
CORP. FILE

NATIONAL SUPER FOOD STORES

The views below describe the new type of large stores carrying a complete line of foods. Your Company installed a number of these modern shops in well-chosen locations. The results obtained fully justify their establishment.

EXTERIOR VIEW

BAKERY AND GROCERIES

MEATS

FRESH FRUITS AND VEGETABLES

1000 Crosby Street, Chicago
February 25, 1932

To the Stockholders of the National Tea Co.

The earnings of your Company for the year ending December 31, 1931, amounted to $716,279.23 after making provision for Federal Taxes, and are equivalent after deducting Preferred Dividends to $.98 per share on 629,046 shares of Common Stock. This compares with a profit of $1,239,926.22 for the year 1930, equivalent after Preferred Dividends to $1.71 per share on 660,000 shares. The decline in earnings is a result of general conditions in the Middle West.

The consolidated sales for the year amounted to $76,657,864.60 as compared with $85,245,760.78 for the year 1930, a decrease of approximately 10%. Declines in commodity prices and the closing of a number of stores account for this dollar sales decrease. The tonnage volume shows an increase for the year.

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On December 31, 1931, the Company was operating 1512 stores of which 301 were combination Grocery and Meat Markets; while on the same date in 1930 it operated 1600 stores of which 278 were Combination Grocery and Meat Markets.

The Company has continued its liberal Depreciation policy, having charged off for the year against earnings $1,116,301.13 as compared with $1,040,365.65 for the previous year.

The investment in the Rana Investment Company has been reduced $249,500.00 as a result of a reduction in Capitalization of that Company.

Meeting the popular demand for super-stores advantageously located in shopping centers, and the adding of meat market departments in a number of our regular grocery stores, together with the elimination of unprofitable units, and the introduction of further operating economies, greatly improves the profit possibilities of the Company.

Yours very truly,

GEORGE RASMUSSEN,

President

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ASSETS

CURRENT ASSETS:		
Cash on Hand and in Banks		$1,870,970.18
Notes Receivable		8,452.10
Accounts Receivable—		
Trade	$ 511,214.15	
Other (including Employes' Stock Subscription Contracts, $31,597.20)	381,177.02	
	$ 892,391.17	
Less: Reserve for Bad Debts	52,257.55	
		840,133.62
Inventories of Merchandise and Supplies on hand and in Transit, certified as to quantity and condition by officials of the Company, and valued at cost or market, whichever is lower		7,328,068.85
Total Current Assets		$10,047,624.75
MORTGAGES RECEIVABLE		16,250.00
INVESTMENTS:		
Nateco Realty Trust (represented by 500 Certificates of Beneficial Interest, being 50% Ownership at cost)	$ 668,870.51	
Rana Investment Company—50% interest at cost	500.00	
		669,370.51
PROPERTIES—AT COST:		
Land	$2,779,177.16	
Buildings	$ 5,894,729.07	
Machinery, Fixtures and Equipment	7,547,782.69	
Delivery Equipment	1,320,935.80	
	$14,763,447.56	
Less: Reserve for Depreciation	5,304,872.07	
	9,458,575.49	
		12,237,752.65
GOODWILL		2,222,610.23
DEFERRED CHARGES:		
Extraordinary Expenditures on Improvement of Leaseholds, etc. being amortized	$ 345,317.70	
Prepaid Taxes, Insurance, etc	120,490.85	
		465,808.55
		$25,659,416.69

The President and Board of Directors,
National Tea Co., Chicago, Illinois

We have examined the books and records of the National Tea Co., our opinion, the above Consolidated Balance Sheet and the rela spectively, the financial condition of the Company as at Decembe

Chicago, Illinois—February 15, 1932.

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R 31, 1931

LIABILITIES

CURRENT LIABILITIES:		
Notes Payable		$ 700,000.00
Accounts Payable—		
Trade	$1,498,704.42	
Payroll and Commissions	120,946.04	
Interest and Taxes	510,274.39	
Employes' Deposits	11,520.95	
Dividends Payable	171,255.37	
Provision for Federal Income Tax—Estimated	93,086.10	
		2,405,787.27
Purchase Money Obligations—Due 1932		80,500.00
Commercial Letters of Credit (Secured by Trust Receipts and Coffee in transit)		113,530.67
Total Current Liabilities		$ 3,299,817.94
PURCHASE MONEY OBLIGATIONS		
Due Subsequent to 1932		477,200.00
FIVE YEAR 5% GOLD NOTES		
Due May 1, 1935	$4,000,000.00	
Less: Held in Treasury	30,000.00	
		3,970,000.00
CONTINGENT RESERVE		76,331.73
PREFERRED STOCK, 5½% CUMULATIVE:		
Authorized and Issued....200,000 shares of $10 each	$2,000,000.00	
Less: Held in Treasury 49,385 shares	493,850.00	
Outstanding.....150,615 shares		1,506,150.00
COMMON STOCK:		
Authorized.....800,000 shares of no par value		
Issued.....660,000 shares	$8,250,000.00	
Less: Held in Treasury 30,954 shares	386,925.00	
Outstanding.....629,046 shares		7,863,075.00
SURPLUS: (As per Statement attached)		8,466,842.02
		$25,659,416.69

and its subsidiaries, for the year ended December 31, 1931, and, in
tive attached Income and Surplus Account correctly set forth, re-
31, 1931 and the results from operations for the year to that date.

ARTHUR YOUNG & CO.
Certified Public Accountants

Income and Surplus Account

FOR THE YEAR ENDED DECEMBER 31, 1931

SALES		$76,657,864.60
DEDUCT:		
Cost of Sales and Expenses	$74,733,428.43	
Depreciation	1,116,301.13	
Loss on Disposal of Capital Assets	54,488.46	
		75,904,218.02
NET OPERATING PROFIT		$ 753,646.58
ADD:		
Revenue from Nateco Realty Trust	$ 40,000.00	
Dividends from Rana Investment Company	10,632.65	
		50,632.65
Net Profit before deducting Provision for Federal Income Tax		$ 804,279.23
Provision for Federal Income Tax		88,000.00
Net Profit transferred to Surplus		$ 716,279.23
Surplus, January 1, 1931:		
Earned	$ 6,770,975.34	
Capital	2,000,000.00	
		8,770,975.34
		$ 9,487,254.57
DEDUCT:		
Dividends—		
Preferred $ 96,276.48		
Common 629,796.00	$ 726,072.48	
Adjustment to reduce value of Treasury Stock to average value of Shares issued	117,428.63	
Appropriated to charge off Unamortized Discount and Expense on 5% Gold Notes and Advanced Premiums to Customers	176,911.44	
		1,020,412.55
Surplus as per Balance Sheet		$ 8,466,842.02

Directors

GEORGE RASMUSSEN

FREDERICK H. MASSMANN

WALTER MATTHIESEN

TH. RASMUSSEN

ROBERT V. RASMUSSEN

BURT J. DICKENS

JOSEPH L. MERRILL

Officers

GEORGE RASMUSSEN
President

FREDERICK H. MASSMANN
Vice-President

TH. RASMUSSEN
Secretary & Treasurer

WALTER MATTHIESEN
Vice-President

BURT J. DICKENS
Assistant Secretary

W. E. RUSSELL
Comptroller